

## Market Specific Regulatory Factors that May Impact Health Insurance Pricing and Availability:

The following is a comparison of states that are similar to Kansas based on a cluster analysis which was conducted on all 50 states to find similarities in various components of the health care system such as hospital costs, health expenditures by service grouping, and demographic composition. This comparison of rating regulations for different markets is an attempt at shedding some light on what options are available to increase offer and uptake rates of health insurance in the small group market.

Market Segment	Kansas	Indiana	Minnesota	Missouri	Wisconsin
Individual Market	<ul style="list-style-type: none"> <li>No rate caps;</li> <li>Medical underwriting allowed;</li> <li>High-risk pool serves the state medically uninsurable and HIPAA-eligible populations;</li> <li>12-month look-back and 24-month exclusionary period limit for pre-existing conditions;</li> <li>Elimination riders permitted; and</li> <li>Credit for prior coverage not required.</li> </ul>	<ul style="list-style-type: none"> <li>No rate caps;</li> <li>Medical underwriting allowed;</li> <li>High-risk pool serves the state medically uninsurable and HIPAA-eligible populations;</li> <li>12-month look-back and 24-month exclusionary period limit for preexisting conditions;</li> <li>Elimination riders not permitted; and</li> <li>Credit for prior coverage not required.</li> </ul>	<ul style="list-style-type: none"> <li>Rates can vary +/-25% of the base individual market rate, +/- 50% for age and +/- 20% for geography;</li> <li>High-risk pool serves the state medically uninsurable and HIPAA-eligible populations, and 3-month look-back and a 6-month exclusionary period limit for pre-existing conditions;</li> <li>Guaranteed issue is not required, but elimination riders are not permitted for policies issued after 1993;</li> <li>Credit for prior coverage required; and</li> <li>No exclusionary period allowed for pre-existing health conditions for people with credible coverage.</li> </ul>	<ul style="list-style-type: none"> <li>No rate caps;</li> <li>Medical underwriting is allowed;</li> <li>High-risk pool serves the state medically uninsurable population;</li> <li>Unlimited look-back and a 24 month exclusionary period limit for pre-existing conditions;</li> <li>Pre-existing conditions may not be considered for HIPAA eligibles;</li> <li>Credit for prior coverage is not required except for the HIPAA-eligible population;</li> <li>All carriers must guarantee basic and standard products to individuals exercising their group-to-individual portability rights under HIPAA; and</li> <li>Elimination riders are allowed, except for the HIPAA eligible population.</li> </ul>	<ul style="list-style-type: none"> <li>No rate caps;</li> <li>Medical underwriting is allowed;</li> <li>High-risk pool serves the state medically uninsurable and HIPAA-eligible populations;</li> <li>Guaranteed issue is not required;</li> <li>Elimination riders allowed;</li> <li>Credit for prior coverage not required; and</li> <li>24-month exclusionary period limit for preexisting conditions.</li> </ul>
<b>Small Group</b> <u>Standard Regs:</u> <ul style="list-style-type: none"> <li>Small group defined as 2-50 employees;</li> <li>Per HIPAA, all small employer insurance contracts must be issued on a guaranteed issue basis;</li> <li>Also guaranteed renewable;</li> <li>Medical underwriting is permitted;</li> <li>Per HIPAA, credit for prior coverage is required as long as there is no more than a 63-day break in coverage.</li> </ul>	<ul style="list-style-type: none"> <li>6-month look-back and 3-month exclusionary period limit for pre-existing conditions for enrollees who do not have prior creditable coverage;</li> <li>Rates can vary +/- 25%.</li> </ul>	<ul style="list-style-type: none"> <li>Employers must provide wage and tax forms, and an employee census;</li> <li>To be eligible, an employee must receive a salary and W-2 form;</li> <li>6-month look-back and 9-month exclusionary period;</li> <li>Rates can vary +/- 35% of the indexed rate based on group health status;</li> <li>Carriers can also use age, sex, geography, group size, and industry as rating factors; and</li> <li>Renewals are limited to 15%.</li> </ul>	<ul style="list-style-type: none"> <li>6-month look-back and 12-month exclusionary period limit for pre-existing conditions for enrollees who do not have prior creditable coverage;</li> <li>Rates can vary +/- 25%.</li> </ul>	<ul style="list-style-type: none"> <li>6-month look-back and 12-month exclusionary period limit for pre-existing conditions for enrollees who do not have prior creditable coverage;</li> <li>Rates can vary +/- 25%.</li> </ul>	<ul style="list-style-type: none"> <li>6-month look-back and 12-month exclusionary period limit for pre-existing conditions for enrollees who do not have prior creditable coverage;</li> <li>Rates can vary +/- 30%.</li> </ul>

KHPA Board Meeting – Cluster State Rating Regulation Comparison

Market Segment	Kansas	Indiana	Minnesota	Missouri	Wisconsin
Large Group	<ul style="list-style-type: none"><li>• Large group is defined as 51 or more employees;</li><li>• No guaranteed issue;</li><li>• Medical underwriting is permitted with rates based on employee participation and claims experience;</li><li>• Per HIPAA, all large group contracts must be guaranteed renewable; and</li><li>• Per HIPAA, credit for prior coverage is required as long as there is no more than a 63-day break in coverage.</li></ul>				

**References:**

National Association of Health Underwriters: Healthy Access Database – Traditional Private Individual Health Insurance  
<http://www.nahu.org/consumer/healthcare/topic.cfm?catID=22>

National Association of Health Underwriters: A Comparison of Individual Market Health Insurance Costs and Individual Health Insurance Market Regulatory Factors For A Low-Income Family Across the United States (Rates as of June 2005)  
<http://www.nahu.org/legislative/charts/individual%20health%20insurance%20rates%20june%202005.pdf>

National Association of Health Underwriters: Healthy Access Database – Small Employer Groups  
<http://www.nahu.org/consumer/healthcare/topic.cfm?catID=24>

National Association of Health Underwriters: Healthy Access Database – Large Employer Groups  
<http://www.nahu.org/consumer/healthcare/topic.cfm?catID=25>

